

## Message Text

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ACTION AID-59

INFO OCT-01 ISO-00 AGRE-00 L-03 NEA-10 EB-07 IO-13  
OES-07 IGA-02 H-01 SSO-00 SP-02 CIAE-00 /105 W  
-----083774 250402Z /14  
O 250200Z JUN 77  
FM AMEMBASSY DACCA  
TO SECSTATE WASHDC IMMEDIATE 5169

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PASS AID/ASIA/BIS

E.O. 11652: N/A  
TAGS: EAGR, EAID, BG  
SUBJECT: PL-480 TITLE I AMENDMENT: FOURTH NEGOTIATING SESSION

REFS: A. STATE 96386, B. DACCA 3126, C. DACCA 2999, D. DACCA 3252

1. SUMMARY. IN JUNE 24 SESSION USG AND BDG DELEGATIONS DISCUSSED SEVERAL SELF-HELP MEASURES RELATING TO OPERATIONS OF RATION SYSTEM AND FORTHCOMING FY 77/78 PROCUREMENT DRIVE. BDG AGREED TO LANGUAGE WHICH STATES THAT SIGNIFICANT NUMBER OF RATION CARDS WILL BE RECALLED IN STATUTORY RATION SYSTEM JANUARY 1, 1978. BDG OFFICIALS SUGGESTED THAT THE AGREED MINUTES TO FY 77 AGREEMENT INDICATE THEIR INTENTION TO RECALL PERHAPS 100,000 RATION CARDS FROM AMONG RELATIVELY AFFLUENT AFTER A SURVEY IS COMPLETED TO DETERMINE INCOME/WEALTH OF CARDHOLDERS. BDG ALSO AGREED CONTINUE LIMIT MODIFIED RATION OFFTAKES TO CLASS "A" (I.E., THE POOREST) CARDHOLDERS. MISSION RECOMMENDS THAT AMENDED SELF-HELP MEASURES, AS PRESENTED IN THIS MESSAGE, BE APPROVED AND THE MISSION BE GRANTED AUTHORITY TO EXCHANGE NOTES ON FRIDAY, JULY 1. END SUMMARY.

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2. STATUTORY RATION SYSTEM REDUCTIONS. BDG DEL RE-ITERATED THEIR FIRM COMMITMENT TO FOODGRAIN SELF-SUFFICIENCY GOAL AND TO INTERMEDIATE STEPS SUCH AS REDUCING THE COVERAGE OF THE STATUTORY RATION (SR) SYSTEM. BDG DEL (JOINED BY NURUL ISLAM, ECONOMIC OFFICER, BDG EMBASSY, WASHINGTON, FOR THIS SESSION) STATED THEY WERE

UNABLE TO COMMIT THE GOVERNMENT TO EITHER A SPECIFIC REDUCTION IN THE QUANTITY OF THE RATION, AN INCREASE IN RATION PRICE OR TO REDUCING THE NUMBER OF CARDHOLDERS. HOWEVER, BDG DEL STATED INTENTION IMPLEMENT SURVEY OF INCOMES AND ASSETS OF STATUTORY RATION CARDHOLDERS WITH A VIEW TO RECALLING THOSE CARDS HELD BY THE MOST AFFLUENT. THEY INFORMED US THAT OF 364,000 FAMILIES (E.G., ABOUT 2 MILLION PEOPLE) IN DACCA, ABOUT 18,000 HAVE INCOMES OF TAKA 1,000 PER MONTH OR GREATER, A LEVEL THEY MAY USE AS A RATION CARD CUTOFF POINT. BDG DEL ALSO STATED INTENTION OF BDG TO REDUCE OFFTAKES IS CLEARLY EVIDENT BY RECENT DECISION TO CHANGE RATION MIX (REF B) WHICH WOULD, THEY THOUGHT, REDUCE RICE OFFTAKES BY 30,000 TO 35,000 TONS PER MONTH. IN LIGHT THEIR INTENTION TO IMPLEMENT INCOME SURVEY, BDG DEL SAID THEY WOULD AGREE TO SELF-HELP LANGUAGE WHICH INDICATES A SIGNIFICANT NUMBER RATION CARDS WILL BE RECALLED JANUARY 1, 1978. US DEL STATED THAT SUCH LANGUAGE (PARA 5 BELOW) WOULD SATISFY INTENTION OF OUR ORIGINAL PROPOSAL WITH RESPECT TO A SPECIFIC TIME FRAME, BUT THAT A QUANTIFIED TARGET WAS STILL NEEDED AS A BENCHMARK FOR FUTURE REFERENCE. BDG OFFERED TO INCLUDE A STATEMENT IN AGREED MINUTES THAT INDICATES THAT A SIGNIFICANT NUMBER MIGHT BE ON ORDER OF 100,000 RATION CARDS (OUT OF A TOTAL OF ABOUT 3,000,000 IN THE SIX SR CITIES).

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3. MODIFIED RATION. THE BDG DEL PROPOSED A SELF-HELP MEASURE WHICH WOULD READ THAT THE GOVERNMENT AGREES TO QUOTE CONTINUE TO LIMIT MODIFIED RATIONING TO CLASS "A" CARDHOLDERS UNQUOTE. FYI: ON THE BDG SCALE, CLASS "A" ARE THE POOREST RECIPIENTS. END FYI.

4. PROCUREMENT. BDG AGREED TO SELF HELP LANGUAGE COMMITTING THEM TO ANNOUNCE BY OCTOBER 15, 1977 THE PROCUREMENT PRICES FOR THE SPRING, 1978 BORO CROP. THE BDG DEL DID NOT AGREE TO US DEL SUGGESTION THAT BORO HYV PROCUREMENT PRICE BE RAISED TO EQUAL OR EXCEED RECENTLY ANNOUNCED AMAN PRICE, I.E., TAKA 84 PER MAUND. BDG DEL DID SAY THAT RECENT AMAN INCREASE WAS INDICATIVE OR COURSE THEY HAD SET TO INCREASE INCENTIVES TO FARMERS; BUT IT WOULD BE INAPPROPRIATE AT THIS TIME TO AGREE TO A PARTICULAR PRICE FOR BORO. BDG ALSO AGREED TO LANGUAGE WHICH WOULD EXPAND THE NUMBER OF PROCUREMENT CENTERS TO INCLUDE ALL LOCAL STORAGE DEPOTS (LSD) THROUGHOUT THE YEAR. FINALLY, BDG DEL AGREED TO LANGUAGE STATING THE GOVERNMENT'S INTENTION TO PROCURE FOODGRAINS THROUGHOUT THE YEAR AND TO

INITIATE THE 1977/78 AMAN PROCUREMENT NO LATER THAN  
NOVEMBER 15.

5. PROPOSED DIPLOMATIC NOTE. MISSION RECOMMENDS USG  
APPROVE SELF-HELP LANGUAGE QUOTED IN FULL BELOW IN  
LIEU OF TEXT STATED REF A, PARA 4, FOR PART II, ITEM  
V OF THE FY 77 AGREEMENT. PROPOSED TEXT AS FOLLOWS  
QUOTE: IN PART II, ITEM V, SELF HELP MEASURES: SUB-  
PARA C, ADD THE FOLLOWING AS PARAGRAPHS 7 THROUGH 11:  
QUOTE 7: REDUCE THE NUMBER OF RATION CARDHOLDERS  
UNDER THE STATUTORY RATION BY RECALLING A SIGNIFICANT  
NUMBER OF CARDS FROM THE MOST AFFLUENT CARDHOLDERS  
AS OF JANUARY 1, 1978.  
QUOTE8: ANNOUNCE THE PROCUREMENT PRICE FOR THE SPIRNG  
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1978 BORO CROP, INCLUDING HIGH YIELDING VARIETIES,  
NO LATER THAN OCTOBER 15, 1977.  
QUOTE 9: ACTIVITELY PROCURE FOODGRAINS, ESPECIALLY HIGH  
YIELDING VARIETIES, ON A VOLUNTARY BASIS THROUGHOUT  
FY 1978, AND INITIATE THE 1977-78 AMAN PROCUREMENT  
DRIVE NO LATER THAN NOVEMBER 15, 1977.

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ACTION AID-59

INFO OCT-01 ISO-00 AGRE-00 L-03 NEA-10 EB-07 IO-13  
OES-07 CIAE-00 H-01 SSO-00 SP-02 IGA-02 /105 W  
-----083905 250402Z /14  
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TO SECSTATE WASHDC IMMEDIATE 5170

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QUOTE 10: EXPAND THE NUMBER OF PROCUREMENT CENTERS  
BY INCLUDING THE USE OF EVERY LOCAL SUPPLY DEPOT AS

A PROCUREMENT CENTER THROUGHOUT THE YEAR.

QUOTE 11: TO CONTINUE TO LIMIT MODIFIED

RATIONING TO CLASS INNER QUOTE A END INNER QUOTE

CARDHOLDERS UNQUOTE. UNQUOTE.

6. ADDITION TO AGREED MINUTES. MISSION RECOMMENDS

YOU APPROVE FOLLOWING ADDITIONAL LANGUAGE TO AGREED

MINUTES TO FY 1977 PL 480 TITLE I AGREEMENT.

(A) ADDITION TO PARAGRAPH 5.D. OF AGREED MINUTES.

QUOTE. DURING THE DISCUSSIONS ON THE AMENDMENT TO

THE APRIL 1 AGREEMENT, BDG OFFICIALS STATED THEIR

INTENTION TO RECALL RATION CARDS FROM THE MORE AFFLUENT

OF THE ESTIMATED THREE MILLION STATUTORY RATION

CARDHOLDERS. THEY ALSO STATED THAT 100,000, OR 3 PERCENT,

WAS A SIGNIFICANT FIGURE, BUT THAT PENDING THE OUTCOME

OF THE SURVEY TO BE TAKEN, IT WOULD NOT BE POSSIBLE TO

PROVIDE AN ESTIMATE OF THE NUMBER WHICH WOULD ACTUALLY

BE RECALLED. UNQUOTE.

(B) ADDITION TO PARAGRAPH 5.E. QUOTE. IN AGREEING

TO THE SELF-HELP STATEMENT ON ANNOUNCING THE 1978

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BORO CROP PROCUREMENT PRICE BY 15 OCTOBER 1977, THE USG

TEAM EMPHASIZED THEIR BELIEF THAT THE BORO PROCUREMENT

PRICE SHOULD BE ESTABLISHED AT A LEVEL AT LEAST EQUAL TO

THE AMAN PROCUREMENT PRICE TO STIMULATE MAXIMUM

PARTICIPATION IN INCREASED PRODUCTION OF THIS CROP. UNQUOTE.

7. AUTHORIZATION TO EXCHANGE NOTES. MISSION RECOMMENDS

USG APPROVAL PROPOSED AMENDMENT AS STATED THIS MESSAGE.

ON ASSUMPTION AMENDED TEXT WILL BE ACCEPTABLE, WE HAVE

TENTATIVELY AGREED TO EXCHANGE NOTES AMENDING THE FY 77

AGREEMENT ON JULY 1, 1977. PLEASE ADVISE BY PRIORITY

TELEGRAM IF THIS IS POSSIBLE AFTER THE MANDATORY 48-HOUR

WAITING PERIOD (REF A, PARA 7).

MASTERS

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## Message Attributes

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**To:** STATE  
**Type:** TE  
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